



RESUME OF MINERAL LEASE ACTIVITIES ON DOE LEASE TRACT NM-B-1

Tract NM-B-1, located in Section 13, Township 13 North, Range 11 West, McKinley County, New Mexico was offered for lease by the U. S. Atomic Energy Commission under Bid Invitation No. 60.8-R-S-2. This is the only tract in this bid group which is a sub-group of the Small Business Set-Aside Leases and differs only in that it is a non-vanadium type lease. The bids were opened on May 15, 1974 and the lease was awarded to George Warnock of Albuquerque, New Mexico. The bid royalty was 5.55% payable on ores containing 190,000 pounds of U₃O₈. The first year's minimum advance royalty of \$4,000.00 accompanied the bid. The lease was issued effective June 12, 1974.

The Atomic Energy Commission acquired control of the mineral rights on this tract pursuant to Public Land Order No. 964. The surface is controlled by the Bureau of Indian Affairs to PLO 2198. BIA granted AEC a use permit (Contract No. N00-C-1420-6386) for the period beginning June 12, 1974 to the termination of the lease.

On March 23, 1976 the lease was assigned from George Warnock to Todilto Exploration and Development Corporation; George Warnock is President.

Exploration

The initial exploration plan was submitted on July 25, 1975 proposing to drill 105 holes in the southeast corner of the property. The initial drilling depths averaged 60 feet, however, additional drilling reached depths averaging 105 feet.

A supplemental plan was submitted on October 15, 1976 proposing to drill a row of holes from the top of Haystack Mountain on the northern part of the tract. Access was to be gained by an existing trail on the north slope which entered the northeast corner of the tract. Sixteen holes were to be drilled on 200 foot centers with the option to offset any mineral holes and the plan was approved on November 12, 1976.

Mining

The only production prior to the current lease came from a trespass open pit operated during the 1950's. The trespasser, Arthur Bibb, mined approximately 1,172 tons of ore averaging .23% U₃O₈ from a small open pit and adjacent underground workings on the southeast edge of the lease tract.

From information derived from the exploration program and from all previous drilling a mining plan was submitted on March 11, 1975. The plan proposed an open pit operation in the southeast corner of the tract. Once the

depth to the ore became too great for open pit mining the ore was to be developed by underground methods using an incline driven from the bottom of the pit. The section corner marker at the southeast corner of section 13 was to be moved and the lessee was to provide suitable reference markers prior to the disturbance. The plan was approved on May 13, 1975 and included a stipulation regarding dust suppression during mining and haulage operation.

During July 1976 a supplemental mining plan was submitted proposing the enlargement of the present pit and a second pit just to the west of the first. In addition, a portal for underground development northwest of the existing pit area was proposed. The plan was approved on August 20, 1976.

A second revision was submitted on May 19, 1977 which proposed an inclined raise to the surface from the northwestern underground working. The incline was to provide additional ventilation and a second escapeway and was approved on June 16, 1977.

A third revision to the mining plan was submitted on February 14, 1978 in which a small pit located near the west boundary line was proposed. The pit was estimated to yield approximately 1000 tons of ore at 25 feet depth. This pit was approved on March 13, 1978 and the mining took place the following month.

In May 1978 ore containing the 190,000th pound of U₃O₈ was shipped to the United Nuclear-Homestake Partners mill at Grants, New Mexico, thus completing the royalty bid quantity specified for this lease. This is the first lease to produce the royalty bid quantity. Since then all mining has been from underground portion and the ore trend has been developed to the north underneath the butte and has long since passed the last drill hole.

Mining continues along this trend even now, 19 months after the bid quantity was reached. A total of 318,224.88 pounds of U₃O₈ has been produced and sold as of January 2, 1980. The royalty paid at this time totaled \$394,765.04; \$28,000.00 was designated as minimum advance royalty. Royalty payments were reduced by \$10,769.50 as payment for rehabilitation work done by the lessee on areas that were disturbed during the 1950's trespass.

Rehabilitation

In accordance with paragraph (j) of Article XII an agreement was negotiated with the lessee regarding the reclamation of the trespass pit. Approximately 12,800 cubic yards of material were required to fill the pit, most of which came from adjacent waste dumps. The agreement was signed on April 22, 1976.

Reclamation work was initiated on the two large pits during 1978. Both were backfilled except for a cone shaped area at the northern end of either pit which connected with the underground workings for ventilation. The smaller pit along the western boundary line was fully reclaimed.



GRASS, SHRUB, or SAGEBRUSH PARKS

T 13 N



NORTH

RIIW RIOW

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2

1

10

11

12

15

14

13

Unit NM-B-1

Haystack Butte Area

McKinley County, New Mexico